

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2020-263-E

Cherokee County Cogeneration)
Partners, LLC,)
)
Complainant,)
v.)
)
Duke Energy Progress, LLC and)
Duke Energy Carolinas, LLC,)
)
Respondent.)
_____)

AFFIDAVIT OF
JOHN N. FREUND

PERSONALLY appeared before me, John N. Freund, who first being duly sworn did states as follows:

1. My name is John N. Freund and I am Principal Structuring Analyst for Duke Energy Corporation. My office is located at 526 S. Church Street in Charlotte, NC. I have worked for Duke Energy since 1977 in various roles, including rate design, economic analysis, wholesale structuring/pricing, economic support of purchased power RFPs, and structuring/pricing related to renewable purchased power contracts.

2. This affidavit is based upon my personal knowledge and work completed personally related to the commercial discussions between Duke Energy Carolinas, LLC (“DEC”) or Duke Energy Progress, LLC (“DEP”) and Cherokee County Cogeneration Partners, LLC (“Cherokee”). I am a part of the team that is responsible for the calculation of avoided cost rates provided to Cherokee during the discussions over the past two years between DEC/DEP and Cherokee to develop a power purchase agreement (“PPA”), which is the subject of this proceeding.

3. I assisted our attorneys in preparing DEC's and DEP's Response to Request for Interim Relief, filed by Cherokee ("Response"). I have read the Response and verify that the information contained within the Response relates to the avoided cost rates currently paid to Cherokee under the existing 2012 PPA (the "2012 PPA") and the avoided cost rates offered to Cherokee under the negotiations for the successor PPA, is accurate and true to the best of my knowledge, information, and belief.

4. The avoided cost rates currently paid to Cherokee under the 2012 PPA are based on DEC's avoided cost rates at the time the 2012 PPA was negotiated. While I did not personally calculate the avoided cost rates used in that contract, I am personally familiar with the contract and its payment structure.

5. In comparing the pricing under the 2012 PPA to DEC's current avoided costs, the 2012 PPA pricing is significantly higher than current avoided costs. Based upon my estimates, if the 2012 PPA were to be extended for a 12-month period, starting January 1, 2021, DEC's customers would pay approximately \$8 million above DEC's current avoided costs over that 12-month period.

6. The avoided cost rates that DEC and DEP have provided to Cherokee in the discussions over the past two years have been based on the Commission-approved methodology for calculating avoided cost, at the time the applicable avoided cost was calculated. The payment that Cherokee has requested from DEC/DEP has been significantly above DEC's and DEP's respective avoided cost rates.

FURTHER AFFIANT SAYETH NOT.

Dated this 7th day of December 2020.

CERTIFICATION

I, John N. Freund, state and attest, under penalty of perjury, that I have reviewed the foregoing Affidavit, and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal review proceeding. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment by contempt.



Name: John N. Freund

Title: Principal Structuring Analyst

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC